European Commission - Press release

State aid: Commission approves €215 million German support to compensate Deutsche Bahn for damages suffered by its subsidiaries due to the coronavirus pandemic

Brussels, 27 July 2022

The European Commission has found a €215 million German support measure in favour of Deutsche Bahn AG to be in line with EU State aid rules. The measure, which will take the form of an equity injection, aims at compensating Deutsche Bahn for the damages suffered by its subsidiaries DB Netz AG, DB Energie GmbH and DB Station&Service AG between 16 March and 31 May 2020 due to the coronavirus pandemic and the restrictive measures in place.

The German support measure

DB Netz manages rail infrastructure in Germany. DB Energie operates the German traction power and rail filling station network and supplies rail transport companies with traction power and mineral oil products. DB Station&Service's business includes the collection of charges for the use of station stops and the lease of rental spaces in stations.

The three companies, all subsidiaries of Deutsche Bahn AG, suffered losses due to the coronavirus pandemic and the restrictive measures that Germany and other countries had to implement to limit the spread of the virus. The restrictions in place between mid-March and the end of May 2020 had in particular a direct negative impact on rail freight and passenger traffic, which in turn led to a drop in demand for the rail infrastructure services provided by DB Netz, DB Energie and DB Station&Service and thereby in a decline of revenues for those companies.

Germany notified to the Commission, under Article 107(2)(b) of the Treaty on the Functioning of the European Union (TFEU), an equity injection of €215 million into Deutsche Bahn to compensate the company for having covered the losses suffered by its three abovementioned subsidiaries during the period between 16 March and 31 May 2020.

The Commission assessed the measure under Article 107(2)(b) TFEU, which enables the Commission to approve State aid measures granted by Member States to compensate specific companies or sectors (in the form of schemes) for damage directly caused by exceptional occurrences.

The Commission considers that the coronavirus pandemic qualifies as an exceptional occurrence, as it is an extraordinary, unforeseeable event having a significant economic impact. As a result, exceptional interventions by the Member States to compensate for the damage linked to the coronavirus pandemic are justified.

The Commission found that the German measure will compensate damages which are directly linked to the coronavirus pandemic. It also found that the measure is proportionate, as the envisaged compensation does not exceed what is necessary to make good the damage.

The Commission therefore concluded that the measure is in line with EU State aid rules.

Background

State aid rules based on Article 107(2)(b) TFEU enable Member States to compensate specific companies or sectors (in the form of schemes) for the damage suffered due and directly caused by exceptional occurrences, such as those caused by the coronavirus outbreak.

Furthermore, on 19 March 2020, the Commission adopted the State aid COVID Temporary Framework to enable Member States to use the full flexibility foreseen under State aid rules to support the economy in the context of the coronavirus outbreak. The COVID Temporary Framework has been amended on 3 April, 8 May, 29 June, 13 October 2020, 28 January and 18 November 2021.

As announced in May 2022, the COVID Temporary Framework has not been extended beyond the set expiry date of 30 June 2022, with some exceptions.

In particular, (i) **investment support towards a sustainable recovery** to support private investment as a stimulus to overcome an investment gap accumulated in the economy due to the crisis; and (ii) **solvency support** to leverage private funds and make them available for investments in small and medium-sized enterprises (SMEs). They may still be put in place until 31 December 2022 and 31 December 2023 respectively.

In addition, the COVID Temporary Framework already provides for a flexible transition, under clear safeguards, in particular for the conversion and restructuring options of debt instruments, such as loans and guarantees, into other forms of aid, such as direct grants, until 30 June 2023.

The COVID Temporary Framework complements the ample possibilities for Member States to design measures in line with existing EU State aid rules. For example, EU State aid rules enable Member States to help companies cope with liquidity shortages and needing urgent rescue aid.

Furthermore, on 23 March 2022, the Commission adopted the State aid Temporary Crisis Framework to enable Member States to use the flexibility foreseen under State aid rules to support the economy in the context of Russia's invasion of Ukraine. The Temporary Crisis Framework has been amended on 20 July 2022, to complement the Winter Preparedness Package and in line with the REPowerEU Plan objectives. The Temporary Crisis Framework will be in place until 31 December 2022 for the liquidity support measures and measures covering increased energy costs. Aid supporting the roll-out of renewable energy and the decarbonisation of the industry may be granted until end June 2023. With a view to ensuring legal certainty, the Commission will assess at a later stage the need for an extension.

The Commission has already approved two German support measures in favour of Deutsche Bahn to compensate it for the damages suffered by its subsidiaries DB Fernverkehr and DB Cargo due to the coronavirus pandemic.

The non-confidential version of the decision will be made available under the case number SA.100322 in the State aid case register on the Commission's competition website once any confidentiality issues have been resolved. New publications of State aid decisions on the internet and in the Official Journal are listed in the State Aid Weekly e-News.

IP/22/4726

Press contacts:

Arianna PODESTA (+32 2 298 70 24)
Nina FERREIRA (+32 2 299 81 63)

General public inquiries: Europe Direct by phone 00 800 67 89 10 11 or by email